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October 13, 2017

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Ex parte* presentation in MB Docket No. 16-306, GN Docket No. 12-268

Dear Ms. Dortch:

On October 11, 2017, Talia Rosen, Assistant General Counsel and Senior Director, Standards & Practices, and Brian Westley, Counsel, Standards & Practices, of the Public Broadcasting Service; Lonna Thompson, Executive Vice President, Chief Operating Officer and General Counsel, of America's Public Television Stations; Deborah Carr, Vice President, Media Strategy Operations, of the Corporation for Public Broadcasting; and the undersigned (hereinafter "Public Television") met with the members of the Media Bureau and the Incentive Auction Task Force ("IATF"). A list of Commission attendees is attached.

In the 2014 Order, the Commission authorized initial allocations up to 90 percent for noncommercial stations, stating that the allocation would permit broadcasters to fund construction and reasonable costs, until such time as the Commission released additional funds through subsequent allocations.¹ For the past few years, public stations, which often operate with very few reserves, have relied on the Order's significant upfront allocation in order to budget for the channel reassignment process ("repack"). Public stations, owned by state agencies, universities, and local community non-profits must carefully coordinate all expenditures, often years in advance.

Public Television is concerned with the IATF's determination that initial allocations of the funds for repacked stations will be made "in an amount not to exceed \$1 billion."² If implemented, this will result in an initial allocation significantly less than 90 percent. Stations

¹ *Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions*, Report and Order, 29 FCC Rcd 6567, ¶ 615 (2014).

² Incentive Auction Closing and Channel Reassignment Public Notice, AU Docket No. 14-252, GN Docket No. 12-268, WT Docket No. 12-269, MB Docket No. 16-306, DA 17-314, ¶ 87 (rel. April 13, 2017).

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may be very reluctant or may be precluded altogether by governing boards from timely entering into contracts for transmitters, antennas, and tower siting companies given that upfront costs could exceed the initial allocation and amounts due on delivery could be simply impossible for stations to pay. A number of noncommercial stations have also indicated that they may not be able to secure bridge or interim loans. While public stations have and continue to work with vendors to prioritize expenses, public stations do not have the market power of medium and large station groups; thus, they have little or no assurance that their contractually obligated balances will not be due several months or perhaps years in advance of the Commission's release of additional allocations. This puts public stations in an untenable position.

Should the IATF proceed with its revised initial allocation, we strongly urge the Commission to carefully monitor the "draw down" of the allocation, particularly with respect to stations assigned to earlier phases, and to quickly allocate additional funds. Additionally, we urge the Commission to initiate a second allocation to ensure that public stations receive 90 percent of their reimbursement funds by the end of this calendar year.

We will continue to apprise the staff in real-time of issues that arise after the initial allocation.

Please direct any questions to the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ann West Bobeck", is written over a horizontal line.

Ann West Bobeck
Counsel to PBS

Attachment

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